

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4472-10
Bill No.: HCS #2 for SCS for SB 480
Subject: Motor Vehicles; Motor Carriers; Taxation and Revenue - Sales and Use
Type: Original
Date: May 3, 2012

Bill Summary: This proposal would expand the current sales and use tax exemption for certain commercial vehicles and provide a sales tax exemption for commercial vehicle parts and repairs. The proposal would increase the fee required to apply for or transfer title to a vehicle, modify current provisions regarding the model year for outboard motors, and change provisions regarding registration of off-road utility vehicles. The proposal would modify provisions regarding drivers licenses, commercial drivers licenses, and repeat alcohol-related offender drivers license requirements. The proposal would also would modify current nuclear waste transport fee provisions.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue Fund	(Unknown)	(Unknown)	(Unknown)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 29 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Environmental Radiation Monitoring	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)
Road Bond	(Unknown)	(Unknown)	(Unknown)
State Road	More than \$19,700,000 to (Unknown)	More than \$19,700,000 to (Unknown)	More than \$19,700,000 to (Unknown)
Highway Safety	\$0 or (\$19,600,000)	\$0 or (\$19,600,000)	\$0 or (\$19,600,000)
State Transportation	(Unknown)	(Unknown)	(Unknown)
Conservation Commission	(Less than \$100,000) to (Unknown)	(Less than \$100,000) to (Unknown)	(Less than \$100,000) to (Unknown)
Parks, and Soil and Water	(Less than \$100,000) to (Unknown)	(Less than \$100,000) to (Unknown)	(Less than \$100,000) to (Unknown)
School District Trust	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(More than \$100,000) to (Unknown)	(More than \$100,000) to (Unknown)	(More than \$100,000) to (Unknown)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	More than \$100,000 to (Unknown)	More than \$100,000 to (Unknown)	More than \$100,000 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

ASSUMPTION (continued)

Officials from the **Joint Committee on Administrative Rules** assume that this proposal would not have a fiscal impact to their organization in excess of existing resources.

Officials from the **Office of State Courts Administrator**, the **Department of Corrections**, the **Department of Insurance, Financial Institutions, and Professional Registration**, the **Office of State Public Defender**, and the **Department of Mental Health** assume this proposal would have no fiscal impact to their organizations.

Officials from the **Missouri Highway Patrol** assumed a previous version of this proposal would have no fiscal impact on their organization.

Officials from the **Department of Transportation** (MODOT) deferred to the Department of Revenue for an estimate of the fiscal impact of this proposal.

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assumed a previous version of this proposal would not result in additional costs or savings to their organization.

BAP officials noted the following.

Section 144.030(4) RSMo

This proposal would provide an expanded sales tax exemption for commercial motor vehicles licensed for a weight in excess of 54,000 pounds and used for hauling property, for trailers for those vehicles, and for materials, replacement parts, and equipment for use directly upon and for the repair and maintenance or manufacture of such vehicles. The sales tax exemption would also be applied to commercial motor vehicles licensed for a weight in excess of 24,000 pounds but not already exempt as common carriers.

Vehicle exemption

DOR informed BAP that in FY 2011 there were 2,370 new vehicles registered that meet the size limits above. Sales tax in the amount of \$2.1 million was collected on those vehicles. BAP assumes this proposal would reduce state revenues by similar amounts.

ASSUMPTION (continued)

Equipment Exemption

According to the Federal Motor Carrier Safety Administration , there are just less than 11 million "large trucks" registered in the United States which travel an estimate 288,005 million miles annually. BAP assumes that 2% of these truck-miles are traveled in Missouri. Based on industry information, BAP estimates the repair and maintenance cost for large trucks to be about \$0.14/mile. BAP further estimates that half this cost is labor-related, and thus no sales tax is collected.

BAP also assumes this exemption would apply largely to vehicles not already exempt as "common carriers". Based on an estimate from DOR, BAP assumes 12% of trucks are not common carriers. Therefore, this proposal could reduce General and Total State Revenues up to the amounts in the table below.

Vehicle Miles Traveled by Large Trucks	288,055,000,000
Missouri Share	2%
Missouri Miles	5,761,100,000
Cost / Mile	\$0.07
Total Cost	\$403,277,000
Portion Not Already Exempt	12%
Cost Not Already Exempt	\$48,393,240
Revenue Losses	
General Revenue (3%)	\$1,451,797
Education (1%)	\$483,932
Conservation (0.125%)	\$60,492
Natural Resources (0.1%)	\$48,393

Section 144.030(12) RSMo

This provision would add an exemption on motor vehicles in excess of 24,000 pounds not already exempt as common carriers. This provision would reduce General and Total State Revenues, and local revenues, by an unknown amount in excess of the estimates of above.

ASSUMPTION (continued)

Section 227.513 RSMo

This provision would allow the renaming of I-70, with costs to be covered by private donations. This would have no impact on General and Total State Revenues.

Section 260.392 RSMo

This provisions would exempt certain controlled shipments from paying fees into the Environmental Radiation Monitoring Fund and undergoing certain inspections. This would reduce state revenues.

Section 301.010 RSMo

This provision would change the definition of a recreational off-road vehicle. Because of overlap with the definition of "ATV", this provision could result in the loss of certain registration fees and reduced General and Total State Revenues. BAP defers to DOR for a more detailed discussion.

Section 306.532 RSMo

These provisions would change the title requirements for outboard motors. This would not impact General and Total State Revenues.

Officials from the **Department of Revenue** (DOR) assumed a previous version of this proposal would make several changes in sales tax provisions.

- * The proposal would broaden a current sales tax exemption to all motor vehicles and trailers transporting persons or property for hire that weigh in excess of 54,000 pounds, and to the materials, replacement parts, and equipment for use on those vehicles.

In FY 2011, 2,370 vehicles were registered that weighed in excess of 54,000 and DOR collected \$2.1 million in sales taxes on those vehicles. DOR officials assume Total State Revenue would be reduced by a similar amount if this provision is enacted. The majority of these funds are paid to state road and transportation funds, and cities and counties.

ASSUMPTION (continued)

DOR officials are not able to identify the number of trailers that would qualify for the exemption, and assume there would be an unknown loss to Total State Revenue related to sales tax on trailers.

The Department also assumes there would be an additional reduction of approximately \$1.4 million in sales tax to the General Revenue Fund related to parts and materials used to repair or provide maintenance on those vehicles.

- * Currently, "all terrain vehicles", are defined in state law and required to be titled and registered, and "recreational off highway vehicles" are defined in state law but are not titled and registered.

The definition changes in this proposal could potentially result in an unknown loss of title and registration fees for all-terrain vehicles.

- * The proposal would also change the "Year Manufactured" designation currently reflected on an outboard motor title from the year the outboard motor was manufactured to the date the outboard motor was purchased from the manufacturer by a dealer.

A new outboard motor purchased by a dealer from the manufacturer on or after July first would be labeled with the "Year Manufactured" of the next calendar year unless the manufacturer specifies the model or program year.

Administrative impact

DOR officials assume that procedures would need to be revised by the Motor Vehicle Bureau (MVB) which would include 120 additional hours of overtime by a Management Analyst Specialist I at a cost of \$3,546 in FY 2013. Further, the DOR web site would need to be updated, which would require 30 additional hours of overtime by an Administrative Analyst III, at a cost of \$957 in FY 2013.

The Application for Missouri Boat/Vessel or Outboard Motor Title and Registration form would need to be revised to include information on the change in meaning of "Year Manufactured." This would require 40 hours of additional overtime for a Management Analyst Specialist I, at a cost of \$1,182 in FY 2013.

ASSUMPTION (continued)

DOR officials assume this proposal would increase the number of calls the Department receives regarding marine title transactions by 5%. In FY 2011 10,108 phone calls were received by DOR regarding marine inquiries. DOR officials stated that the number of calls specifically about outboard motors is unknown but assuming that calls would increase by 5%, there would be 505 more phone calls per year. The additional calls would require an additional 40 hrs of overtime for a Revenue Processing Tech I to answer and research associated questions at a cost of \$620 in FY 2013, \$751 in FY 2014, and \$759 in FY 2015.

These provisions could increase the number of errors on marine outboard motor titles, which could not be processed without the additional information. Assuming the same 5% increase in activity as for phone inquiries, DOR officials assume there would be a minimal increase to the Department's processing time for those rejects.

In summary, the DOR response included additional overtime for existing personnel at a total cost of \$6,305 for FY 2013, \$751 for FY 2014, and \$759 for FY 2015.

Officials from the **Department of Transportation, Motor Carrier Services (MCS)**, provided an estimate in response to a previous version of this proposal that approximately 60% of the 6,487 companies registered with their organization were common carriers, with the balance split between contract carriers and private carriers. MCS officials estimated that there were about the same number of contract carriers as private carriers.

Oversight assumes the additional cost to DOR could be absorbed with existing resources. If unanticipated additional costs are incurred or if multiple proposals are implemented which result in a significant increase in the DOR workload, resources could be requested through the budget process.

Officials from the **Department of Natural Resources (DNR)** assume this proposal would make changes to several tax provisions.

Section 144.030 RSMo - Sales Tax Exemption

This proposal would create a sales tax exemption for motor vehicles registered in excess of 54,000 pounds, the trailers pulled by such motor vehicles, and the materials, replacement parts, and equipment purchased for use directly upon, and for the repair and maintenance or manufacture of such vehicles.

ASSUMPTION (continued)

Providing state and local sales and use tax exemptions as stated in this proposal would decrease the amount of funding available in the Parks Sales Tax Fund. This fund is used for the acquisition and development, maintenance and operation of state parks and historic sites.

Section 260.392 RSMo - Radioactive Waste Transport Fee

The proposed changes would exempt all Highway Route Controlled Quantity (HRCQ) radioactive shipments from the current fee. This fee is projected to account for approximately 69% of the revenues to the Environmental Radiation Monitoring Fund (Fund 0656). The fee currently supports functions such as Missouri State Highway Patrol escorts for such vehicles, safety and radiation measurement and inspections by the Missouri Department of Health and Senior Services, equipment purchased to ensure radiation safety for the public, and training to first responders across the state that would respond to an accident involving those radioactive shipments.

Currently, most of those functions are related to or conducted on HRCQ shipments, and the services that help protect the citizens of Missouri are supported by the transport fees.

The DNR response indicated a revenue reduction of \$259,600 per year for the Environmental Radiation Monitoring Fund and unknown revenue reductions for the General Revenue Fund, Parks, and Soil and Water Fund, and for local governments for this proposal.

Officials from the **Department of Health and Senior Services** (DHSS) noted that a previous version of this proposal would make certain shipments exempt from transport fee provisions in current state law. DHSS defers to the Department of Natural Resources for an estimate of the revenue reduction to the Environmental Radiation Monitoring Fund.

DOHSS officials also stated that the proposal would appear to exempt these shipments from a radiological safety inspection once they enter Missouri if they passed the North American Standard Level VI inspection at the point of origin, unless such inspection is determined to be necessary at the discretion of state safety resources. These provisions could have an unknown impact on the department's ability to meet other current requirements for "Inspections, escorts, and security for waste shipment and planning".

ASSUMPTION (continued)

Currently, all HRCQ shipments coming through the state are escorted by the Missouri State Highway Patrol (MSHP) to a secure location then given a "radiological safety inspection" at that location by DHSS staff. MSHP then continues to escort the shipment to the state line.

Costs for this program are supported by the Environmental Radiation Monitoring Fund. In FY 2012 to date, DHSS has incurred expenses of \$36,783; a majority of this cost was for inspections but approximately \$5,500 was spent on developing training. DHSS officials estimated that costs for personal services, training, and equipment for future fiscal years would increase to an estimated \$100,000 as shipments increase and required training of state and local emergency responders and health officials is implemented.

Oversight assumptions

Oversight notes that current law provides for 50% of vehicle sales taxes to be distributed to the Road Bond Fund, 36.5% to the State Road Fund, 1% to the State Transportation Fund, and 12.5% to cities and counties. For fiscal note purposes, Oversight assumes the expanded vehicle sales tax exemption would lead to an unknown revenue reduction for those state funds and for local governments.

Oversight assumes the expanded vehicle sales tax exemption in this proposal would reduce revenues to the School District Trust Fund by an unknown amount, and that the revenue reduction to the Conservation Commission Fund and the Parks, and Soil and Water Fund, would be less than \$100,000 per year.

Oversight will indicate an unknown revenue reduction to the General Revenue Fund, for those other state funds which receive sales tax revenues, and to local governments for the sales tax exemption on commercial vehicle repair parts.

Oversight will include a revenue reduction of more than \$100,000 per year for the Environmental Radiation Monitoring Fund for the changes in radioactive material transport fee. Oversight assumes that continued operation and funding for the current inspection and escort functions would be determined by the General Assembly and will not include those costs in this fiscal note.

ASSUMPTION (continued)

Bi-State Fare Provisions

These provisions would requires persons convicted of failing to pay a fare for the use of Bi-State Development Agency facilities to reimburse the reasonable costs attributable to the enforcement, investigation and prosecution of such.

Officials from the **Office of the State Courts Administrator** assumed similar provisions in HB 1454 LR 5442-01 would have no fiscal impact on their organization.

In response to a similar proposal in the previous session (HB 857 LR 200-01) officials from the **Bi-State Development Agency** assumed the revenue received would neutralize the cost attributable to the enforcement, investigation, and prosecution of offenses and create a favorable financial impact.

In response to a similar proposal in the previous session (HB 857 LR 200-01) officials from **St. Louis County** assumed the proposal would have no fiscal impact their organization.

Officials from the **City of St. Louis** did not respond to our request for information.

Oversight assumes that revenues received from unpaid fares, fines, and fees to the Bi-State Development Agency will be offset by the costs of collection to the agency. For fiscal note purposes, offsetting revenues and expenditures will be indicated.

Section 136.055 Title Application fees

This provision would increase the fee to apply for or transfer title to a vehicle from \$2.50 to \$5.

Officials from the **Department of Revenue** (DOR) assume this provision would increase receipts to the General Revenue Fund from fees collected on boats and motors, manufactured homes, and all-terrain vehicles, and would increase receipts to highway funds from fees collected on motor vehicle for title transactions processed by the Central Office in Jefferson City.

ASSUMPTION (continued)

In 2011 the following title transactions were completed by the Central Office in Jefferson City:

Motor Vehicle Titles	178,363
Marine Titles	3,375
Manufactured Home Titles	3,954
ATV Titles	1,189
Total Title Transactions	186,881
Increased Fee	x \$2.50
Increased Revenue	\$467,202.50

This revenue would be distributed as follows:

General Revenue Fund (Marine, Manufactured Homes, and ATV titles) = \$21,295

Highway Fund (Motor Vehicle titles) = \$445,907.50 to be distributed as follows:

State Highways (75%)	\$334,431
Cities (15%)	66,886
Counties (10%)	\$44,591

For fiscal note purposes, **Oversight** will indicate additional revenue less than \$100,000 to the General Revenue Fund and additional revenue greater than \$100,000 to the State Road Fund and to local governments.

Drivers with alcohol related offenses

These provisions would require the Department of Revenue to issue special ignition interlock driver's licenses to persons convicted of intoxication related traffic offenses.

In response to similar provisions in HB 2063 LR 6265-01, officials from the **Jefferson City Police Department, Office of Prosecution Services, Office of the State Courts Administrator, Department of Mental Health, Department of Insurance, Financial Institutions and Professional Registration and Department of Public Safety - Missouri Highway Patrol** assumed the provisions would have no fiscal impact on their organizations.

ASSUMPTION (continued)

Officials from the **Department of Transportation, Office of the State Public Defender, and Kansas City Police Department** did not respond to our request for fiscal impact on HB 2063 LR 6265-01.

Section 302.304

Officials from the **Department of Revenue** stated this provision would require programming and testing of the Missouri Driver Licensing (MODL) system and would require training of staff, procedure changes, and website updating. DOR officials assume this would require:

FY 2013

Administrative Analyst I - 80 hours @ \$24 (1 ½) per hour =	\$1,920
Management Analyst Spec II - 80 hours @ \$23 per hour =	\$1,840
Revenue Band Manager I - 20 hours @ \$25 per hour =	<u>\$500</u>

Total = \$4,260

Update web page - Administrative Analyst III - 10 hrs @ \$22 =	\$220
Update forms - Management Analysis Spec I - 40 hrs @ \$20 =	\$800
Update procedures - Management Analysis Spec I - 40 hrs @ \$20 =	<u>\$800</u>

Total = \$1,820

Section 577.041

Officials from the **Department of Revenue** (DOR) stated this section of the proposal would require programming and testing of the Missouri Driver Licensing (MODL) system, and would require training of staff, procedure changes, and website updating. It would also require printing of new forms, replacement of the current supply of the forms in central stores and mailing copies of the updated forms to law enforcement agencies. DOR officials assume this would require:

ASSUMPTION (continued)

FY13

Administrative Analyst I - 80 hours @ \$24 (1 ½) per hour =	\$1,920
Management Analyst Spec II - 80 hours @ \$23 per hour =	\$1,840
Revenue Band Manager I - 20 hours @ \$25 per hour =	<u>\$500</u>

Total = \$4,260

Update web page - Administrative Analyst III - 10 hrs @ \$22 =	\$220
Update forms - Management Analysis Spec I - 40 hrs @ \$20 =	\$800
Update procedures - Management Analysis Spec I - 40 hrs @ \$20 =	\$800

Total = \$1,820

Cost for forms - 160,000 @ \$0.12 =	\$19,200
Cost for envelopes - 656 @ \$0.12 =	\$79
Cost for postage - 656 @ \$5.48 =	<u>\$3,595</u>

Total = \$22,874

DOR officials also stated that a sweep of MODL shows 67,852 individuals are currently revoked for a chemical refusal. DOR officials assume this law would be retroactive at the time it is implemented. Prior to implementation, DOR would need to issue a notice informing those individuals of the Ignition Interlock Device (IID) requirement for first offenders, the extended time-frame the IID is required after reinstatement; and the requirement for the 'special' driver license for all revocations pursuant to this section. DOR officials assume this would require:

Cost for forms - 67,852 @ .025 =	\$1,696
Cost for envelopes - 67,852 @ .04 =	\$2,714
Cost for postage - 67,852 @ .45 =	<u>\$30,533</u>

Total = \$34,943

ASSUMPTION (continued)

Section 577.600

FOR officials stated this provision would require programming and testing of the Missouri Driver Licensing (MODL) system and would require adding new fields for various time-frames for the court issued IID based on the number of convictions as determined by the court. DOR would also track IID violations and extend the 'special driver's license' requirement pursuant to section 577.606 for 90-days until there is a continuous, violation free 90-day period. DOR would generate a notice to the citizen when the five-year IID requirement has been met on life time court orders. DOR officials assume this would require:

FY13

Administrative Analyst I - 80 hours @ \$24 (1 ½) per hour =	\$1,920
Management Analyst Spec II - 80 hours @ \$23 per hour =	<u>\$1,840</u>

Total = \$3,760

Update web page - Administrative Analyst III - 10 hrs @ \$22 =	\$220
Update forms - Management Analysis Spec I - 40 hrs @ \$20 =	\$800
Update procedures - Management Analysis Spec I - 40 hrs @ \$20 =	<u>\$800</u>

Total = \$1,820

A sweep of MODL shows 13,324 intoxication-related traffic offense convictions were added to driving records in calendar year 2011. Information provided by the Missouri State Highway Patrol (MSHP) from the Driving While Intoxicated Tracking System (DWITS) shows 12,319 Suspended Imposition of Sentence (SIS) intoxication-related traffic offense dispositions were added in calendar year 2011. Assuming the court would order all persons found guilty of or who plead guilty to an intoxication-related traffic offense to not operate any motor vehicle unless that vehicle is equipped with a functioning, certified ignition interlock device, DOR could potentially receive 25,643 court orders per year. When divided by the number of working days in a year (260), this equates to 99 orders per day ($25,643/260 = 99$).

A Revenue Processing Tech I (RPT I) can process 104 court orders per day. One additional FTE would be required to process the increased volume. If the volume exceeds 99 per day, an additional FTE would be required.

ASSUMPTION (continued)

Section 577.606

DOR officials stated this provisions would require:

- * Programming and testing of various driver licensing systems
- * Development of business requirements and design for new 'special driver's license' issuance process
- * Request for change order analysis from the document production vendor
- * Completion of MEDL CI system update to determine issuance of the special license type
- * User testing of changes to the license issuance system and vendor license production process
- * Create a database to receive files from the IID manufacturer for the monthly calibration reports and evaluate the information to determine any violations
- * Allow various types of IID violations to be added in MODL and extend the 'special driver's license' requirement for 90 days until there is a continuous, violation free 90-day period
- * MODL to generate a notice when the 'special driver license' requirement has been extended due to violations received from the manufacturer
- * MODL to generate a notice when a court ordered IID is added and the license status is not suspended, revoked, denied, etc. to notify the citizen of the requirement to obtain the 'special driver's license'
- * MODL to generate a notice when the IID restriction is no longer required and the person is eligible to receive a reissuance of their regular driver's license
- * Revise the administrative alcohol suspension/revocation notice served by the arresting law enforcement officer based on the 'special driver's license' requirements.
- * Print 160,000 new forms
- * Replace the current supply of the forms in central stores - 28,800; and
- * Mail 131,200 copies of the updated forms to 656 law enforcement agencies (200 forms each).

ASSUMPTION (continued)

FY13

Costs for the license issuance vendor, MorphoTrust U.S.A., are estimated at \$28,000 based on a prior "not to exceed" estimate for a change to the current card if physical layout of information is not modified. DOR officials assumed the layout of information would be the same for this new design; it may only be a change to the header and/or special indicators.

FY13 - License Issuance

Administrative Analyst I - 240 hours @ \$24 (1 ½) per hour =	\$5,760
Management Analyst Spec II - 280 hours @ \$23 per hour =	\$6,440
Revenue Band Manager II - 80 hours @ \$30 per hour =	<u>\$2,400</u>

Total = \$14,600

Update web page - Administrative Analyst III - 10 hrs @ \$22 =	\$220
Update forms - Management Analysis Spec I - 40 hrs @ \$20 =	\$800
Update procedures - Management Analysis Spec I - 40 hrs @ \$20 =	<u>\$800</u>

Total = \$1,820

FY13 - MODL and Database Testing

Administrative Analyst I - 320 hours @ \$24 (1 ½) per hour =	\$7,680
Management Analyst Spec II - 320 hours @ \$23 per hour =	\$7,360
Revenue Band Manager I - 160 hours @ \$25 per hour =	<u>\$4,000</u>

Total = \$19,040

A sweep of MODL shows 52,486 individuals who are currently suspended, revoked, or denied and requires the ignition interlock for reinstatement (this does not include revocations pursuant to section 577.041). DOR officials assumed this law would be retroactive at the time it is implemented. Prior to implementation, the Department would need to issue a notice informing these individuals of the 'special driver's license' requirement pursuant to this section.

ASSUMPTION (continued)

Cost for forms - 52,486 @ .025 =	\$1,312
Cost for envelopes - 52,486 @ .04 =	\$2,099
Cost for postage - 52,486 @ .45 =	<u>\$23,619</u>

Total = \$27,030

The Administrative Alcohol Suspension/Revocation notice served by the arresting law enforcement officer would need revised based on the 'special driver license' requirements.

Cost for forms - 160,000 @ \$0.12 =	\$19,200
Cost for envelopes - 656 @ \$0.12 =	\$79
Cost for postage - 656 @ \$5.48 =	<u>\$3,595</u>

Total = \$22,874

DOR officials assume that, based on the number of changes the proposal provides, additional employees would be required to answer phone calls, prepare correspondence, and assist in-person customers. A sweep of MODL shows 73,294 individuals who are currently suspended, revoked, or denied and require the ignition interlock device for reinstatement. Additionally, there are 47,044 persons revoked for a first offense refusal who would now be required to have the ignition interlock device for reinstatement. Due to the provisions provided in section 577.606 requiring the 'special driver's license', the Department's requirement to track violations reported by the IID manufacturers, and the requirement to extend the 'special driver's license' based on these violations, the Department assumes a large percentage of the people affected by these changes would contact the Department. The Department assumes the law is retroactive and additional requirements would be sent to the persons that already have an IID requirement (73,294); therefore, additional inquiries would be made when these letters are mailed. Although the number of contacts is unknown, based on discussions with other states that currently have laws for first offenders and for persons who violate the IID, each person required to have IID could potentially contact the Department numerous times because of multiple IID violations and the extension of time the "special" license is required. For the purposes of this fiscal note, the DOR assumes that a person would contact us at least 2 times per year.

ASSUMPTION (continued)

DOR statistics:

73,294 - Currently requires IID
+ 47,044 - Would require IID
120,338 - Persons required to install IID for reinstatement

X 50% - Percent of persons who would contact the Department
60,169 - Number of persons contacting the Department per year

X 2 - Average number of times each person would contact DOR per year
120,338 - Number of contacts per year

/ 260 - Number of working days per year
463 - Number of persons who would contact the Department daily

Currently an RPT I is required to answer 100 phone calls per day; an RPT I is required to answer 30 correspondence items per day, handle in-person contacts, and provide phone assistance as needed. Therefore, 5 additional FTE would be needed to handle the additional contacts. There is no way to determine the impact to the Department based on all the required changes in this proposal, specifically the violations reported by the IID manufacturers from the monthly monitoring reports. The Department may require additional FTE to enforce the provisions in this section. The additional FTE would be requested through the appropriation process.

Legal Services:

This legislation would create a need for additional FTE legal counsel. One FTE Legal Counsel - \$50,076.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Therefore, Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

ASSUMPTION (continued)

Information Technology - OA-ITSD (DOR)

The DOR response included an IT impact of \$81,000 based on 2,000 FTE hours plus 140 contractor hours at \$200 per hour to make changes to DOR systems.

Oversight assumes OA-ITSD (DOR) is provided with core funding to handle a certain amount of activity each year. Oversight assumes OA-ITSD (DOR) could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA-ITSD (DOR) could request funding through the appropriation process.

Section 577.606

DOR officials stated there were no statistics available to determine how many people would apply for and receive the 'special driver's license' pursuant to this section. Since there are no provisions for DOR to take any action against the person for not obtaining the license, DOR officials are unsure how many "special" driver licenses would be issued. Potentially, if all persons required to obtain the "special" license did, there would be 120,338 licenses issued.

DOR officials also assume there would be a loss in revenue due to the vendor cost to produce the license. The Missouri Constitution limits DOR to 3% of any "state revenue derived from highway users as an incident to their use or right to use the highways of the state." Assuming a \$50 license fee is imposed for the "special" license, the Department would be able to realize a maximum of \$1.50 to cover costs. Currently, each license costs the Department \$1.86 to produce. With the upcoming implementation of the Department's new driver license system (new hardware and updated software), the cost for the Department to produce a license would increase.

Oversight has summarized the Department of Revenue administrative cost estimates, exclusive of any potential additional employee requirements, and included those amounts in the General Revenue Fund. The amounts are \$504,772 for FY 2013, \$304,184 for FY 2014, and \$344,759 for FY 2015.

ASSUMPTION (continued)

Alcohol related offenses and commercial drivers provisions

Officials from the **Department of Public Safety - Missouri Highway Patrol, Department of Corrections, Office of the State Courts Administrator, and Office of the State Public Defender** assumed similar provisions in HCS for HB 1155 LR 4923-04 would have no fiscal impact on their organizations.

Officials from the **Office of Prosecution Services** did not respond to our request for fiscal impact on similar provisions in HCS for HB 1155 LR 4923-04.

Section 302.309 & 577.023

Officials from the **Department of Transportation** (DHT) stated that Title 23 United States Code (USC) Section 164 outlines provisions that must be included in a state's repeat intoxicated driver law and requires a transfer of 3% of the state's federal-aid highway funds if the state has not enacted or is not enforcing a repeat intoxicate driver law that meets Section 164's requirements. A statute change from the 2010 legislative session (SS SCS HCS HB 1695, 1742, & 1674) put the state out of compliance with 23 USC 164 (mandatory jail time/community service and limited driving privileges for repeat offenders).

DHT officials requested a legal review by the National Highway Traffic Safety Administration to ensure SB 443 puts state statute back into compliance with 23 USC 164. DHT officials stated that the National Highway Traffic Safety Administration notified DHT that passage of SB 443 would fulfill federal requirements. Therefore, passage of SB 443 would reverse the penalty transfer of approximately \$19.6 million. This would give DHT more flexibility in expending these funds.

Oversight will range the fiscal impact of the proposal from \$0 (legislation would not impact Missouri's compliance with federal code) to the \$19.6 million penalty avoidance stated by DHT.

Section 302.700 & 302.768

Officials from the **Department of Transportation** stated that enactment of these changes to Missouri's CDL statutes would be necessary to bring this state into compliance with the Federal mandate prescribed by 49 USC Section 31311 (a) (1) and (21), section 31309 (e) (4) and Section 31305 (a) (7); and 49 CFR 383.73 and Section 384.301.

ASSUMPTION (continued)

If not enacted, Missouri's federal-aid highway funds would be subject to withholding of \$30 million the first fiscal year and \$60 million the second year and thereafter.

Oversight assumes Missouri would be in compliance with the mandated provisions and will not include a cost for sanctions.

Officials from the **Department of Revenue** stated this section proposes new definitions, and modifications to current definitions related to commercial driver license requirements to comply with Federal Motor Carrier Safety regulations and support the implementation of the federal rule labeled "Medical Certification Requirements as part of the Commercial Driver License (CDL)".

DOR officials stated that cost associated with development and implementation of the proposed medical certification program (Section 302.700) would be absorbed as part of a system upgrade project and through federal funds.

Section 302.341

Officials from the **Department of Revenue - Driver License Bureau (DLB)** assume this section would propose changes to meet federal commercial driver license requirements related to failure to appear in court actions. The proposed change indicates these actions cannot be removed from the record upon reinstatement if the applicant was operating a commercial motor vehicle at the time of the offense or is a commercial driver license holder.

DOR states administrative impact for Section 302.341 include modifying the Missouri Driver License system and supporting applications related to failure to appear actions and complete end user testing of all changes.

DLB estimates 80 hours of modifying the applications for one Administrative Analyst (at \$16 per hour or \$1,280) and 80 hours of end user testing of changes (at \$23 per hour or \$1,840). In summary, DOR assumes a cost of \$3,120 (\$1,280 + \$1,840) in FY 2013 to provide for implementation of the changes in this part of the proposal.

ASSUMPTION (continued)

Section 302.768

Officials from the **Department of Revenue** stated this provisions would propose a new section to support the implementation of Federal Motor Carrier Safety Regulation changes defined in a finalized federal rule affecting 49 CFR Parts 383, 384, 390 and 391 labeled "Medical Certification Requirements as part of the CDL". This section requires commercial driver license applications to complete certain self certifications and submit required medical certification documents when applicable. The state must capture and store data related to drivers who are required to submit proof of medical certification. These certifications must be updated at least every two years based on federal requirements. The state must store and pass this data to law enforcement, commercial motor vehicle enforcement and other states.

DOR officials assumes the cost associated with development and implementation of the proposed medical certification program would be absorbed as part of a pending system upgrade project. The Department will continue to seek federal funds to notify Commercial Drivers of the new requirements; however, if federal funding is not provided, DOR would require the following state funds in order to notify the 300,000 drivers:

FY 14

Printing Cost (per 1,000)	300 @ .076 =	\$22.80
Letters	300,000 @ .025 =	\$7,500.00
Envelopes	300,000 @ .04 =	\$12,000.00
Postage	300,000 @ .45 =	<u>\$135,000.00</u>
	Total =	\$154,522.80

DOR officials stated they have been approved for a federal grant to implement the new federal requirements; however, DOR stated they cannot use the grant monies for notification. Therefore, **Oversight** assumes that DOR is not required by this proposal to notify a licensee of this new federal licensing requirement and therefore will not reflect the cost. The notification upon license renewal could be an option.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb some of the personal service cost related to this proposal. Oversight assumes some of DOR's anticipated work hours could be performed during the normal work day and not create an additional expense to their budget; therefore, Oversight will range the cost to DOR as 'up to \$17,040' (\$13,920 + \$3,120).

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
GENERAL REVENUE FUND			
<u>Additional revenue</u> - Department of Revenue - Title fee increase	<u>Less than</u> <u>\$100,000</u>	<u>Less than</u> <u>\$100,000</u>	<u>Less than</u> <u>\$100,000</u>
<u>Cost</u> - Department of Revenue - Intoxication offense compliance enforcement	<u>(\$504,772)</u>	<u>(\$304,184)</u>	<u>(\$344,759)</u>
<u>Costs</u> - Department of Revenue Administrative changes to prepare for updates in the proposal	<u>Up to (\$17,040)</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenue reduction</u> - Sales tax exemption on commercial vehicle parts, repairs, and service	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ENVIRONMENTAL RADIATION MONITORING FUND			
<u>Revenue reduction</u> - Transport fee changes	<u>(More than</u> <u>\$100,000)</u>	<u>(More than</u> <u>\$100,000)</u>	<u>(More than</u> <u>\$100,000)</u>
ESTIMATED NET EFFECT ON ENVIRONMENTAL RADIATION MONITORING FUND	<u>(More than</u> <u>\$100,000)</u>	<u>(More than</u> <u>\$100,000)</u>	<u>(More than</u> <u>\$100,000)</u>
ROAD BOND FUND			
<u>Revenue reduction</u> - Sales tax exemption on vehicles	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON ROAD BOND FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

STATE ROAD FUND

<u>Additional revenue</u> - more federal funding could be utilized by this fund if Missouri becomes compliant	\$0 or <u>\$19,600,000</u>	\$0 or <u>\$19,600,000</u>	\$0 or <u>\$19,600,000</u>
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<u>Additional revenue</u> - Department of Revenue - Title fee increase	<u>More than</u> <u>\$100,000</u>	<u>More than</u> <u>\$100,000</u>	<u>More than</u> <u>\$100,000</u>
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<u>Revenue reduction</u> - Sales tax exemption on vehicles	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON STATE ROAD FUND	<u>More than</u> <u>\$19,700,000 to</u> <u>(Unknown)</u>	<u>Molre than</u> <u>\$19,700,000 to</u> <u>(Unknown)</u>	<u>More than</u> <u>\$19,700,000 to</u> <u>(Unknown)</u>
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HIGHWAY SAFETY FUND

<u>Revenue reduction</u> - more Federal funding could be utilized by the Road Fund if Missouri becomes compliant	\$0 or <u>(\$19,600,000)</u>	\$0 or <u>(\$19,600,000)</u>	\$0 or <u>(\$19,600,000)</u>
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ESTIMATED NET EFFECT TO THE HIGHWAY SAFETY FUND	<u>\$0 or</u> <u>(\$19,600,000)</u>	<u>\$0 or</u> <u>(\$19,600,000)</u>	<u>\$0 or</u> <u>(\$19,600,000)</u>
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STATE TRANSPORTATION FUND

<u>Revenue reduction</u> - Sales tax exemption on vehicles	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON STATE TRANSPORTATION FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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SCHOOL DISTRICT TRUST FUND

<u>Revenue reduction</u> - Sales tax exemption on vehicles	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<u>Revenue reduction</u> - Sales tax exemption on commercial vehicle parts, repairs, and service	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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CONSERVATION COMMISSION FUND

<u>Revenue reduction</u> - Sales tax exemption on vehicles	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>
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<u>Revenue reduction</u> - Sales tax exemption on commercial vehicle parts, repairs, and service	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND	<u>(Less than \$100,000) to (Unknown)</u>	<u>(Less than \$100,000) to (Unknown)</u>	<u>(Less than \$100,000) to (Unknown)</u>
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PARKS, AND SOIL AND WATER FUND

<u>Revenue reduction</u> - Sales tax exemption on vehicles	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>
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<u>Revenue reduction</u> - Sales tax exemption on commercial vehicle parts, repairs, and service	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON PARKS, AND SOIL AND WATER FUND	<u>(Less than \$100,000) to (Unknown)</u>	<u>(Less than \$100,000) to (Unknown)</u>	<u>(Less than \$100,000) to (Unknown)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
LOCAL GOVERNMENTS			
<u>Additional revenue</u> - Department of Revenue - Title fee increase	<u>More than</u> <u>\$100,000</u>	<u>More than</u> <u>\$100,000</u>	<u>More than</u> <u>\$100,000</u>
<u>Revenue reduction</u> - Sales tax exemption on vehicles	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>Revenue reduction</u> - Sales tax exemption on commercial vehicle parts, repairs, and service	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>Revenues</u> - Bi-State Development Reimbursement of unpaid fares and fees	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<u>Costs</u> - Bi-State Development Enforcement, investigation and prosecution of unpaid fares and fees	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>More than</u> <u>\$100,000 to</u> <u>(Unknown)</u>	<u>More than</u> <u>\$100,000 to</u> <u>(Unknown)</u>	<u>More than</u> <u>\$100,000 to</u> <u>(Unknown)</u>

FISCAL IMPACT - Small Business

This proposal would affect any small business which bought or sold a vehicle, or parts or repairs for a commercial vehicle, operated commercial vehicles, or would be involved in the transportation of nuclear waste.

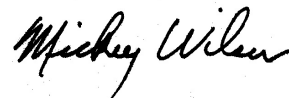
FISCAL DESCRIPTION

This proposal would expand the current sales and use tax exemption for certain commercial vehicles and provide a sales tax exemption for commercial vehicle parts and repairs. The proposal would increase the fee required to apply for or transfer title to a vehicle, modify current provisions regarding the model year for outboard motors, and change provisions regarding registration of off-road utility vehicles. The proposal would modify provisions regarding drivers licenses, commercial drivers licenses, and repeat alcohol-related offender drivers license requirements. The proposal would also would modify current nuclear waste transport fee provisions.

Parts of this legislation are federally mandated. This proposal would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Joint Committee on Administrative Rules
Office of State Courts Administrator
Office of Prosecution Services
Office of State Public Defender
Office of Administration
 Division of Budget and Planning
Department of Corrections
Department of Health and Senior Services
Department of Insurance, Financial Institutions, and Professional Registration
Department of Mental Health
Department of Natural Resources
Department of Revenue
Missouri Highway Patrol
Department of Transportation
Jefferson City Police Department
Kansas City Police Department



Mickey Wilson, CPA

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